

Utah!

Where ideas connect

Utah State Tax Commission

Form TC-20HA

Utah Tax Return For Homeowners Associations Having Taxable Income Under IRC 528

210 North 1950 West
Salt Lake City UT 84134
(801) 297-2200
1-800-662-4335
<http://www.tax.ex.state.ut.us>



2001

What's New?

Dissolution or Withdrawal – Instructions for dissolving or withdrawing a corporation have been added. See page 1.

Important Information Regarding Extension of Time to File

An extension of time to file your tax return is NOT an extension of time to pay your taxes. Tax must be paid by the due date. You are automatically allowed an extension of up to six months to file your return. However, if the prepayment requirements have not been met on or before the original due date, penalties will be assessed.

Need more information?

Telephone (801) 297-2200 or 1-800-662-4335

Forms (801) 297-6700 or 1-800-662-4335 ext. 6700

You can find additional tax information and forms on the Tax Commission's web page,

www.tax.ex.state.ut.us

If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or Telecommunications Device for the Deaf (TDD) (801) 297-3819. Please allow three working days for a response.

General Instructions and Information

Corporation Identification Numbers

The Utah State Tax Commission uses the Employer Identification Number (EIN) as the homeowners association's taxpayer identification with the state. The Utah Department of Commerce issues a registration number upon incorporation or qualification in Utah. Enter the EIN and Utah Incorporation/Qualification Numbers in the fields provided. Include your EIN or Utah Incorporation/Qualification Number for proper identification of the corporate tax return or correspondence.

Corporation Changes

Homeowners association changes (e.g., name change, merger, or ceasing to do business in Utah) must be reported to both:

Division of Corporations
Department of Commerce
160 E 300 S
Salt Lake City, UT 84145

and:

Utah State Tax Commission
210 N 1950 W
Salt Lake City, UT 84134

Dissolution or Withdrawal

Homeowners associations that cease to do business in Utah must either dissolve or withdraw the corporation. Homeowners associations that are incorporated in Utah must file Articles of Dissolution with the Department of Commerce. In addition, Utah homeowners associations are encouraged to obtain a Certificate of Tax Clearance prior to dissolution.

Homeowners associations that are incorporated outside of Utah (foreign) MUST obtain a Certificate of Tax Clearance from the Tax Commission before withdrawing from Utah. Foreign corporations must file an Application for Withdrawal with the Department of Commerce.

To request a Certificate of Tax Clearance, complete form TC-2001 and submit it to the attention of the Customer Services Call Unit at the Tax Commission address above.

To close your tax account, submit copies of all required documentation to the attention of Master File Maintenance at the Tax Commission address above.

Who Must File

A homeowners association incorporated in Utah (domestic), qualified in Utah, (foreign), or doing business in Utah, whether qualified or not, must file a homeowners association tax return, form TC-20HA, when it has taxable income for federal purposes.

Taxable Year

The taxable year for Utah income tax purposes must match the taxable year used for federal income tax purposes. When the taxable year changes for federal purposes, the taxable year must be adjusted accordingly for Utah income tax purposes.

Due Date

Returns must be filed on or before April 15th (for calendar year filers) or the 15th day of the fourth month following the close of the taxable year (for fiscal year filers).

Filing Extension

Homeowners associations are automatically allowed an extension of up to six months to file a return without filing an extension form. **This is an extension of time to file the return—NOT an extension of time to pay taxes.** To avoid penalty and interest, the prepayment requirements must be met on or before the original return due date and all returns must be filed within the six-month extension period.

Prepayment Requirements

Every homeowners association having a Utah tax liability of \$3,000 or more in the current year, or a tax liability of \$3,000 or more in the previous year, must make quarterly estimated tax prepayments.

A homeowners association is not subject to the prepayment requirements the first year the homeowners association is required to file a return in Utah, if the homeowners association makes a payment on or before the due date, without the automatic extension, equal to or greater than the minimum tax.

Quarterly prepayments are due in four equal payments on the 15th day of the 4th, 6th, 9th and 12th months of the homeowners association's taxable year. Homeowners associations may elect to make the quarterly prepayments equal to 90 percent of the current year's tax or 100 percent of the prior year's tax. As defined in IRC Section 6655, the applicable percentage of the required annual payment for annualized income installments, for adjusted seasonal installments, and for estimated tax payments based on the current year tax liability is the following:

<u>Installment</u>	<u>Percentage</u>
1st	22.5
2nd	45.0
3rd	67.5
4th	90.0

If a taxpayer elects a different annual period than the period used for federal purposes, the taxpayer must make an election with the Tax Commission at the same time as provided in IRC Section 6655. Prepayments should be made with form TC-559, "Utah Corporation Franchise/Income Tax Payment Coupon."

Homeowners associations not making the required tax prepayments are subject to a penalty as stated in "Penalties," below.

Penalties

The penalty for failure to file a tax due return by the due date is the greater of \$20 or 10 percent of the unpaid tax. In addition, if a tax balance remains unpaid 90 days after the due date, a second penalty, the greater of \$20 or 10 percent of the tax balance, will be added for failure to pay timely.

The penalty for failure to pay tax due as reported on a timely filed return, or within 30 days of a notice of deficiency, is the greater of \$20 or 10 percent of the tax due.

The penalty for underpayment of the extension prepayment is 2 percent per month of the unpaid tax during the extension period. If the return is not filed by the extension due date, failure to file and failure to pay penalties will apply, as if the extension has not been granted.

The penalty for failure to file an information return or a complete supporting schedule is \$50 for each return or schedule up to a maximum of \$1,000.

The penalty for each underpayment of required estimated tax or required quarterly installment is determined by applying the state interest rate(s) in effect for the period of the underpayment, plus four percentage points, to the amount of the underpayment for the period of the underpayment.

For a list of additional penalties that may be imposed, refer to UCA §59-1-401.

The Tax Commission will calculate the penalty for underpayment of required prepayments. Taxpayers who would like to calculate their own penalty may contact the Tax Commission at (801) 297-7790 or 1-800-662-4335 for assistance.

Exceptions to Penalty on Estimated Tax

Annualized Exception

A homeowners association may annualize its income before determining the amount of each installment. It is recommended that federal guidelines be followed in determining annualized income. If the homeowners association meets the annualized exception at the federal level, for any installment, check the appropriate box(es) on form TC-20HA, line 10.

Recurring Seasonal Exception

A homeowners association with recurring seasonal income may annualize its income before determining the amount of each installment. It is recommended that federal guidelines be followed in determining seasonal income. If the homeowners association meets the seasonal exception at the federal level, for any installment, check the appropriate box(es) on form TC-20HA, line 10.

Interest

The calendar year interest rate applicable for most taxes and fees administered by the Tax Commission is two percentage points above the federal short-term

rate in effect for the preceding fourth calendar quarter. The IRS publishes this rate in September of each year.

The interest rate for most taxes and fees administered by the Tax Commission for the 2002 calendar year is 6 percent.

Suspension for Failure to Pay Tax Due

Utah law provides for suspension of the homeowners association's right to do business in Utah if the homeowners association fails to pay tax due before 5 p.m. on the last day of the eleventh month after the due date.

Supporting Federal Information

Form 1120-H, as filed with the IRS, should be included with the filing of the Utah return (Form TC-20HA). Other detail schedules should NOT be included with the initial Utah filing. The Auditing Division of the Tax Commission may request these detail schedules at a later date.

Instructions For Return

Rounding Off to Whole-Dollar Amounts

All entries must be made in whole-dollar amounts.

Corporation Name and Address Area

Enter the homeowners association name, address, and telephone number in the space provided. Check the box if there has been a change to this information since last year's filing.

Corporation Identification Numbers

Enter the Employer Identification Number (EIN) and Utah Incorporation/Qualification Numbers in the appropriate fields.

Amended Returns

To amend a return, use the tax form and instructions for the year you are amending.

Amend your return promptly if:

1. An error is discovered on your state or federal return after it has been filed; or
2. Your federal return is audited or adjusted by the IRS and the IRS audit or adjustment affects your state return. You must report such changes or corrected net income within 90 days of the IRS's final determination.

Do not submit an amended return for the purpose of claiming a loss carryback refund. The Tax Commission automatically calculates this. Any refund will be mailed to the homeowners association.

To qualify for a refund or credit, an amended return must be filed within three years following the date the original return was filed. A return filed before the due date is considered filed on the due date.

To amend a previously filed return:

1. Check the amended box located at the top of the return; and
2. Indicate the reason for amending by writing the number in the box provided on the return.

The Reasons for Amending

1. You filed an amended return with the IRS (*attach a copy of your amended federal return*);
2. You made an error on your state return (*attach an explanation of the adjustments made*);
3. Federal audit adjustments that resulted in changes in federal taxable income were issued and became final (*attach a copy of the IRS adjustment*);
4. Other (*attach explanation to return*).

Complete the return entering the corrected figures. Enter other amounts shown on the original return. When filing an amended return, enter the amount of tax paid with the original return and/or subsequent payments of the tax prior to filing the amended return less any previous refunds (exclude refund interest).

Remember: Except for the amounts amended, the amounts entered on the return must match the original return.

Line-by-Line Instructions

Line 1 – Taxable Income for Federal Purposes

Enter the taxable income from federal form 1120-H, line 19.

Line 2 – Tax

Line 1 multiplied by (.05).

Line 3 – Penalties and Interest

Enter any applicable penalty and interest amounts

on the appropriate lines. Enter the total amount on this line. See “General Instructions” regarding penalties and interest.

Line 4 – Total Tax and Penalties Due

Add lines 2 and 3.

Line 5 – Total Prepayments

A refundable credit is allowed for quarterly prepayments and extension payments. Include any overpayments from the prior year applied to this year.

Line 6 – Total Remitted

If line 4 is larger than line 5, subtract line 5 from line 4. Make check or money order payable to the Utah State Tax Commission. **DO NOT MAIL CASH. THE TAX COMMISSION ASSUMES NO LIABILITY FOR LOSS OF CASH PLACED IN MAIL.** Attach a schedule for any nonrefundable credits claimed.

Line 7 – Total Overpayment

If line 5 is larger than line 4, subtract line 4 from line 5. This is the amount of overpayment.

Line 8 – Overpayment to be Applied to Next Taxable Year

As a convenience to refund filers, all or part of a refund may be applied as an advance payment for the next tax year. Enter the amount to be applied (must be less than or equal to the refund amount).

Line 9 – Total Refund

Line 7 less line 8.

Line 10 – Installments That Qualify for Exceptions

Check boxes corresponding to the four quarterly prepayments for those quarters in which penalty exceptions exist. See “Exceptions to Penalty on Estimated Tax” on page 2 for more information. Attach supporting documentation.

Signature and Date

Sign and date the return. Refunds will not be granted, unless the return is signed and dated.

Utah State Tax Commission
**Utah Tax Return for Homeowners
Associations Having Taxable Income
Under IRC 528**

2001
TC-20HA
Rev. 12/01

This return is for the calendar year ending Dec. 31, 2001, or fiscal year beginning _____ and ending _____.

• ☐ **AMENDED RETURN** See page 3 for **"THE REASONS FOR AMENDING"** and enter the number in this box • ☐

Corporation name			Employer Identification Number
Address			Utah Incorporation/Qualification Number
			Telephone Number ()
City	State	ZIP Code	

Note: Attach a copy of federal form 1120-H to this return.

1. Taxable income from federal form 1120-H, line 19	• 1	\$	00
2. Tax: (multiply line 1 by .05)	• 2		00
3. Total the penalties and interest listed below and enter on this line	• 3		00

Extension penalty \$ _____ Late filing penalty \$ _____
Late payment penalty \$ _____ Interest \$ _____

4. Total tax, penalty, and interest due (add lines 2 and 3)	• 4		00
5. Total prepayments (attach schedule)	• 5		00
6. Total remitted (if line 4 is larger than line 5, subtract line 5 from line 4)	• 6	\$	00

Make check payable to: UTAH STATE TAX COMMISSION

7. Total overpayment (if line 5 is larger than line 4, subtract line 4 from line 5)	• 7	\$	00
8. Amount of overpayment to be applied as advance payment to next tax year	• 8	\$	00
9. Total refund (line 7 less line 8)	• 9	\$	00

10. Check box(es) corresponding with installments that qualify for exceptions (see "Exceptions to Penalty on Estimated Tax," page 2). Attach supporting documentation.

1 ☐ 2 ☐ 3 ☐ 4 ☐

Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and accompanying schedules are true, correct, and complete.

Signature of officer _____ Title _____ Date _____

Official Use Only

Paid Preparer's Section	Preparer's signature	Date signed	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed)			Employer Identification Number
	Preparer's complete address	City	State	ZIP code